

IN THE MATTER OF HOLY CROSS * BEFORE THE
HOSPITAL – NEW HOSPITAL IN * MARYLAND HEALTH
GERMANTOWN * CARE COMMISSION
Matter No. 08-15-2286 *

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**HOLY CROSS HOSPITAL OF SILVER SPRING'S
RESPONSE TO REQUEST FOR LIST AND
BRIEF DESCRIPTION OF PROJECT CHANGES**

Holy Cross Hospital of Silver Spring, Inc. ("Holy Cross"), by its undersigned counsel, files this response to the Maryland Health Care Commission's request that Holy Cross identify and briefly describe the modifications made on October 28, 2009.

PART I - PROJECT IDENTIFICATION AND GENERAL INFORMATION

1. Legal Name of Project Applicant, Address, Phone Number, Name of Owner/Chief Executive

☐ Change ☒ No Change

2. Legal Name of Project Co-Applicant, Address, Phone Number, Name of Owner/Chief Executive

☐ Change ☒ No Change

3. Name of Facility, Street (Project Site), City, Zip, County

☐ Change ☒ No Change

4. Name of Owner (if different than applicant)

☐ Change ☒ No Change

5. Representative of Co-Applicant, Address, Phone Number

☐ Change ☒ No Change

6. Person(s) to whom questions regarding this application should be directed

☐ Change ☒ No Change

7. Brief Project Description

☐ Change ☒ No Change

8. Legal Structure of License

☐ Change ☒ No Change

9. Current Physical Capacity and Proposed Changes

☐ Change ☒ No Change

10. Project Location and Site Control

☒ Change ☐ No Change

Brief Description of Change:

The site size has been corrected to 24.5 acres; the sublease of the project site to Holy Cross has been signed. *See* October 28, 2008 Letter from Jack C. Tranter to Ms. Ruby Potter (the “Holy Cross Modification Letter”) at Tab 13, pages 3R(10/28/09) and 4R (10/28/09).

11. Project Implementation Target Dates

☒ Change ☐ No Change

Brief Description of Change:

Originally, Holy Cross projected that it would obligate 51% of the approved capital expenditure in three months, begin construction one month thereafter, apply for prelicensure/first use 35 months after obligating capital, and achieve full utilization 22 months after first use. Those benchmarks are now, respectively seven, two, 27 and 24 months. *See* Holy Cross Modification Letter at Tab 13, page 4R (10/28/09)

12. NA

13. NA

14. Project Description

☒ Change ☐ No Change

Brief Description of Change:

The new design, configuration and description of the proposed new hospital are related on revised CON Application pages 19R (10/28/09) to 21R (10/28/09), filed on October 28, 2009. *See* Holy Cross Modification Letter at Tab 13. Pages 22 and 23 of the CON Application should be deleted. As related on pages 19R(10/28/09) to 21R(10/28/09), and in revised Chart 1 also filed on October 28, 2009, the total square footage of the proposed new hospital is smaller, the project cost is lower, and the new hospital's design is no longer based on the "separate structures concept." More detail is related on the revised pages noted above.

15. Project Drawings

☒ Change ☐ No Change

Brief Description of Change:

New drawings were submitted as part of the modifications filed on October 28, 2009. *See* Holy Cross Modification Letter at Tab 14.

16. Features of Project Construction

☐ Change ☒ No Change

CHART 1. Project Construction Characteristics and Costs

☒ Change ☐ No Change

Brief Description of Change:

A new Chart 1 was field on October 28, 2009. As noted there, the proposed new hospital is now smaller than originally proposed. *See* Holy Cross Modification Letter at Tab 10.

PART II - PROJECT BUDGET

☒ **Change** ☐ **No Change**

Brief Description of Change:

A revised Project Budget, relating a lower project cost, was included as part of the modifications filed on October 28, 2009. *See Holy Cross Modification Letter at Tab 9.*

PART III - CONSISTENCY WITH GENERAL REVIEW CRITERIA AT COMAR 10.24.01.08G(3):

10.24.01.10 - The State Health Plan. Acute Care Hospital Services

General Standards

1. Information regarding Charges

☐ **Change** ☒ **No Change**

2. Charity Care Policy

☐ **Change** ☒ **No Change**

3. Quality of Care

☐ **Change** ☒ **No Change**

Project Review Standards

1. Geographic Accessibility

☐ **Change** ☒ **No Change**

2. Identification of Bed Need and Addition of Beds

☒ **Change** ☐ **No Change**

Brief Description of Change:

Holy Cross updated the discussion of MSGA bed need to reflect the number of MSGA beds licensed in Montgomery County as of July 1, 2009. The Holy Cross analyses were also

updated to include more recent population and discharge data. A change in the way approved beds at Shady Grove Adventist Hospital are considered was also made based on the availability of more recent data. *See Holy Cross Modification Letter at Tab 1.*

3. Minimum Average Daily Census for Establishment of a Pediatric Unit

☐ Change ☒ No Change

4. Adverse Impact

☐ Change ☒ No Change

5. Cost Effectiveness

☐ Change ☒ No Change

6. Burden of Proof Regarding Need

☐ Change ☒ No Change

7. Construction Cost of Hospital Space

☒ Change ☐ No Change

Brief Description of Change:

A new MVS analysis was performed based on the revised design and lower project cost. The new MVS benchmark is \$356.09/sf. The comparable project cost is \$371.77, i.e., \$15.68 greater than the MVS standard. Originally, the project exceeded the MVS standard by \$63.20 (\$375.71–\$312.51). *See Holy Cross Modification Letter at Tabs 2 and 15.*

8. Construction Cost of Non-Hospital Space

☐ Change ☒ No Change

9. Inpatient Nursing Unit Space

☒ Change ☐ No Change

Brief Description of Change:

As a result of the redesign of the proposed new hospital, the Inpatient Nursing Unit Space per bed in the psychiatric unit no longer exceeds 500 square feet per bed. While impacted by the redesign, the Inpatient Nursing Unit Space per bed in the MSGA units and CCU are still below 500 square feet/bed standard. *See Holy Cross Modification Letter at Tab 3.*

10. Rate Reduction Agreement

☐ Change ☒ No Change

11. Efficiency

☐ Change ☒ No Change

12. Patient Safety

☐ Change ☒ No Change

13. Financial Feasibility

☒ Change ☐ No Change

Brief Description of Change:

The response to Standard .04B(13)(a) and (b)(i) has been changed to include a reference to “Revised Table 4, attached as Exhibit A” rather than “Table 4” in the second line of the response. In terms of Standard .04B(13)(b)(ii), the language “the FY 2008 target for the new hospital was estimated to be \$9,840, at a case mix of 1.0 (increased 4.2% in FY 2009 for HSCRC-approved rate increase)” has been replaced with “the FY10 target for the new hospital was estimated to be \$9,940, at a case mix of 1.0 (increased 1.77% in FY10 for the HSCRC-approved rate increase).” The reference to and computation of outpatient charges being increased by 4.2% in FY09, based on the HSCRC-approved rate increase for Holy Cross Hospital of Silver Spring, has been replaced by the 1.77% HSCRC-approved rate increase for FY10. In

terms of Standard .04B(13)(iii), the reference to FTEs pre AOB has been changed from “approximately 4.6-4.7” to “approximately 4.8.” Finally, the response to Standard .04B(13)(iv) has been changed to replace the reference to “Table 4” with “Revised Table 4A, attached as Exhibit A.” Additional commentary was also added addressing operating performance in the fifth year of the new hospital’s operation. *See Holy Cross Modification Letter at Tab 4.*

14. Emergency Department Treatment Capacity and Space

☒ **Change** ☐ **No Change**

Brief Description of Change:

The only change is a correction to a number in the third line on page 60 of the Response to New Acute Care Chapter Standards filed on February 7, 2009. *See Holy Cross Modification Letter at Tab 5.*

15. Emergency Department Expansion

☐ **Change** ☒ **No Change**

16. Shell Space

☒ **Change** ☐ **No Change**

Brief Description of Change:

The redesigned project still includes a floor of shell space as the top floor of the patient tower. Shell space on other floors, however, has been eliminated. *See Holy Cross Modification Letter at Tab 6.*

10.24.01.08G(3)(b). Need

☐ **Change** ☒ **No Change**

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

☐ **Change** ☒ **No Change**

TABLE 2: STATISTICAL PROJECTIONS - PROPOSED PROJECT

☐ Change ☒ No Change

10.24.01.08G(3)(c). Availability of More Cost-Effective Alternatives

☒ Change ☐ No Change

Brief Description of Change:

A supplement to the prior response to Review Criterion .08G(3)(c), in the CON Application and related filings was submitted, performing a comparative analysis of the proposed project with the competing new hospital proposal filed by Adventist HealthCare, Inc. Holy Cross's original responses did not perform this analysis because this was a single-applicant review when those responses were filed. *See* Holy Cross Modification Letter at Tab 8.

10.24.01.08G(3)(d). Viability of the Proposal

☐ Change ☒ No Change

TABLE 3: REVENUES AND EXPENSES - ENTIRE FACILITY (including proposed project)

☐ Change ☒ No Change

TABLE 4: REVENUES AND EXPENSES - PROPOSED PROJECT

☒ Change ☐ No Change

Brief Description of Change:

Holy Cross revised the financial projections for the proposed new hospital based on the new project cost, a change in the assumed date of initiation of services, i.e., from September 2012 (FY13) to January 2013 (FY13), an updated charge per case estimate, a reduction in the interest on long-term debt estimate (from 5.25% to 5.0%), and a change in the variable cost FTE assumption in FY15 from 100% to 95%. *See* Holy Cross Modification Letter at Tab 11.

10.24.01.08G(3)(e). Compliance with Conditions of Previous Certificates of Need

☐ Change ☒ No Change

10.24.01.08G(3)(f). Impact on Existing Providers

☐ Change ☒ No Change

TABLE 5. MANPOWER INFORMATION

☒ Change ☐ No Change

Brief Description of Change:

Table 5 was revised to reflect a slight increase in staffing for the proposed new hospital, i.e., from 569.9 FTEs to 572.8 FTEs. The projected salaries and benefits have been updated to reflect the FY10 salaries and benefits at Holy Cross Hospital of Silver Spring. See Holy Cross Modification Letter at Tab 12.

**PART IV – APPLICANT HISTORY, STATEMENT OF RESPONSIBILITY,
AUTHORIZATION AND RELEASE OF INFORMATION, AND SIGNATURE**

☐ Change ☒ No Change

OTHER CHANGES

In addition to the changes noted above, Holy Cross modified the response to Standard .04(13), Financial Feasibility, in COMAR 10.24.12, the Acute Hospital Inpatient Obstetric Services Chapter of the State Health Plan. As a result of using more recent data and financial information, charges for obstetric care at the new hospital will be 7.8% below the state-wide case-mix adjusted average for both obstetric and perinatal discharges from Level I and II hospitals. See Holy Cross Modification Letter at Tab 7. Holy Cross also filed updated audited financial statements, the currently applicable rate order and a new bed capacity chart on October 28, 2009. See Holy Cross Modification Letter at Tabs 16, 17 and 18.

Finally, in reviewing the materials filed on October 28, 2008 and in preparing this response, Holy Cross realized that it did not update Table 1, Statistical Projections, to respond to the new date when Holy Cross expects the new hospital will begin providing care, i.e., in January 2013 (FY13) rather than September 2012 (FY13). An updated Table 1, accordingly, is attached as Exhibit 1. As related there, the projections for FY15, the new hospitals first full year of operation are unchanged.

Respectfully submitted,



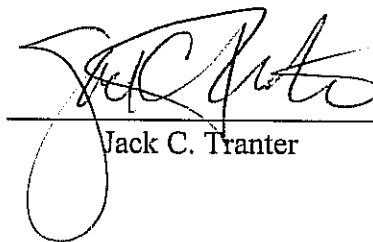
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*Attorneys for Holy Cross Hospital of
Silver Spring, Inc.*

November 12, 2009

CERTIFICATE OF SERVICE

I certify that on this 12th day of November, 2009, a copy of the foregoing was sent via email to: Paul Parker (pparker@mhcc.state.md.us); Ruby Potter (rpotter@mhcc.state.md.us) for Marilyn Moon, Ph.D.; Pamela Barclay (pbarclay@mhcc.state.md.us); Joel Riklin (jriklin@mhcc.state.md.us); Suellen Wideman (swideman@mhcc.state.md.us); Christopher Hall (CHall@adventisthealthcare.com); Howard Sollins (hlsollins@ober.com); Ulder Tillman (ulder.tillman@montgomerycountymd.gov); and Clarksburg Civic Association (baines2005@verizon.net).


Jack C. Tranter

[(INSTRUCTION: Complete Table 1 for the Entire Facility, including the proposed project, and Table 2 for the proposed project only using the space provided on the following pages. Only existing facility applicants should complete Table 1. All Applicants should complete Table 2. Please indicate on the Table if the reporting period is Calendar Year (CY) or Fiscal Year (FY)]

TABLE 1: STATISTICAL PROJECTIONS - ENTIRE FACILITY

	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	2013	2014	2015	20__
1. Admissions							
a. MIS/G/A				1,359	3,419	4,119	
b. Pediatric							
c. Obstetric				408	1,027	1,237	
d. Intensive Care				221	557	671	
e. Coronary Care							
f. Psychiatric				122	306	369	
g. Rehabilitation							
h. Chronic							
i. Other (Specify)							
j. TOTAL				2,111	5,309	6,396	
2. Patient Days							
a. MIS/G/A				5,907	14,858	17,901	
b. Pediatric							
c. Obstetric				1,179	2,965	3,572	
d. Intensive Care				1,297	3,262	3,930	
e. Coronary Care							
f. Psychiatric				616	1,550	1,868	
g. Rehabilitation							
h. Chronic							
i. Other (Specify)							
j. TOTAL				8,999	22,635	27,271	

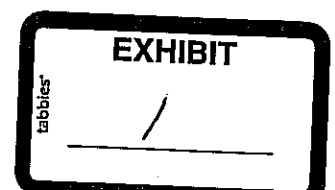


Table 1 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	2013	2014	2015	20__
3. Average Length of Stay							
a. M/S/G/A				4.35	4.35	4.35	
b. Pediatric							
c. Obstetric				2.89	2.89	2.89	
d. Intensive Care				5.86	5.86	5.86	
e. Coronary Care							
f. Psychiatric				5.06	5.06	5.06	
g. Rehabilitation							
h. Chronic							
i. Other (Specify)							
j. TOTAL				4.26	4.26	4.26	
4. Occupancy Percentage*							
a. M/S/G/A				32	68	82	
b. Pediatric							
c. Obstetric				32	68	82	
d. Intensive Care				29	60	72	
e. Coronary Care							
f. Psychiatric				34	71	85	
g. Rehabilitation							
h. Chronic							
i. Other (Specify)							
j. TOTAL				32	67	80	

Table 1 cont.	Two Most Actual Ended Recent Years		Current Year Projected	Projected Years (ending with first full year at full utilization)			
CY or FY (Circle)	20__	20__	20__	2013	2014	2015	20__
5. Number of Licensed Beds							
a. M/S/G/A				60	60	60	
b. Pediatric							
c. Obstetric				12	12	12	
d. Intensive Care				15	15	15	
e. Coronary Care							
f. Psychiatric				6	6	6	
g. Rehabilitation							
h. Chronic							
i. Other (Specify)							
j. TOTAL				93	93	93	
6. Outpatient Visits							
a. Emergency				7,295	19,779	22,107	
b. Outpatient Dept. (Surgery)				1,302	3,628	3,944	
c. Other (Specify)				12,434	34,867	37,679	
d. TOTAL				21,031	58,274	63,730	

*Other includes services such as medical imaging, endoscopy, ob/gyn clinics.